

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 OPIC-03 L-03 /024 W

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FM AMEMBASSY DACCA

TO SECSTATE WASHDC 454

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EO 11652: N/A

TAGS: EINV, OPIC, BG

SUBJ: BELBAGCO CLAIM

REF: A. STATE 81407 B. DACCA 1959

1. ECON COUNSELOR MET APRIL 19 WITH J. U. AHMED, CONSULTANT IN IMPLEMENTATION AND PAYMENT CELL (IPC), MINISTRY OF INDUSTRIES, AND AKHTAR JAMIL, CLAIM OFFICER, IPC TO PRESENT BELBAGCO CLAIM.

2. AFTER REVIEWING CLAIM FORM, SHARE CERTIFICATES, CERTIFICATE OF NATIONALITY AND POWER OF ATTORNEY, AHMED SAID THAT BANGLADESH FABRICS WAS INCORPORATED IN KARACHI AND HENCE FALLS UNDER PRESIDENT'S ORDER 16 AND IS TECHNICALLY AN ABANDONED PROPERTY. AT PRESENT, NO COMPENSATION IS BEING PAID TO THE FORMER OWNERS OF SUCH PROPERTIES. P.O. 16 DECLARES ANY CORPORATION INCORPORATED IN A COUNTRY THAT WAS IN A STATE OF WAR WITH THE PEOPLES REPUBLIC OF BANGLADESH ON OR AFTER MARCH 25, 1971 TO BE AN ABANDONED PROPERTY. ACCRODING TO AHMED, THE GOVERNMENT INTENDS TO AMEND P.O. 16 TO PERMIT PAYMENT TO COMPENSA

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TION TO BANGLADESHIS AND NON-PAKISTANI FOREIGN OWNERS. AHMED EXPECTS THIS DECISION TO BE TAKEN VERY SOON. WHEN THIS DECISION IS TAKEN, CLAIMS FOR COMPENSATION WILL BE CONSIDERED ON SAME FORMS AND IN SAME MANNER AS FOR CLAIMS UNDER P.O. 27.

3. IN ADDITION, AHMED SAID, SHARE CERTICATES NOS. 1 AND 2 ARE IN THE NAMES OF J.F.C. GALLAHER AND SHAH MOHAMMAD HASSAN RESPECTIVELY

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AS THESE ARE NOT IN THE NAME OF BELBAGCO, THEY ARE NOT QUALIFIED

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FOR IMMEDIATE PAYMENT OF PARTIAL COMPENSATION. UNDER THE COMPANIES

ACT AND THE COMPENSATION PROCEDURE, THEY MAY EITHER: (1) CLAIM INDEPENDENTLY; OR (2) TRANSFER THEIR SHARES TO BELBAGCO AND SEEK REIMBURSEMENT FROM THAT FIRM. AHMED STRONGLY RECOMMENDED COURSE (1) ABOVE AS (2) WOULD INVOLVE VERY TIEM-CONSUMING PROCESS OF OBTAINING SPECIAL DISPENSATION OF GOVERNMENT TO PERMIT SUCH TRANSFER OF SHARE OWNERSHIP. THE NORMAL PROCEDURE FOR SUCH TRANSFER UNDER THE COMPANIES ACT HAS BEEN INOPERATIVE SINCE NATIONALIZATION AND THE TAKEOVER OF ABANDONED PROPERTIES IN 1972. ACCORDINGLY, AHMED RECOMMENDS THAT THREE CLAIMS BE FILED, ONE FOR BELBAGCO WITH SHARE CERTIFICATES THREE THROUGH NINE AND ONE EACH FOR GALLAHER (CERTIFICATE NO. 1) AND HASSAN (NO. 2).

4. PENDING SORTING ALL THIS OUT, AHMED AGREED TO RECEIVE XEROX COPIES OF THE RELEVANT DOCUMENTS AS NOW REPEAT NOW PREPARED AND TO BEGIN APROCESSING THE BELBAGCO CLAIM INFORMALLY. EMBASSY DELIVERED SUCH COPIES TO THE IMPLEMENTATION AND PAYMENTS CELL ON APRIL 23.

5. COMPENSATION: AHMED DESCRIBED COMPENSATION AMOUNTS AS STILL "CLASSIFIED", AND SAID THE BDG WAS NOT REVEALING NOW ITS CALCULATIONS OF NEW WORTH, BUT HE ALSO SAID THESE CALCULATIONS WERE MERELY "PROVISIONAL CALCULATIONS OF NET WORTH" AND THAT ONE MOTIVE FOR STAGGERING PAYMENTS OVER THREE YEARS WAS TO PERMIT "CORRECTIONS" IN FINAL PAYMENTS.

6. WHILE THE REGISTERED OFFICE OF PAKISTAN FABRICS LIMITED WAS SITUATED IN KARACHI (SEE FOR EXAMPLE ATTACHMENT NO. 2 TO DEPARTMENT'S A-12414 OF DECEMBER 20, 1972), THIS IS THE FIRST INDICATION IN THE SEVERAL YEARS OF EXTENSIVE DISCUSSIONS OF THIS ISSUE THAT P.O. 16 WOULD APPLY, RATHER THAN P.O. 27. IN ORDER TO CLARIFY AHMED'S SURPRISING STATMENT THAT BANGLADESH FABRICS WAS NOT A NATIONALIZED INDUSTRY BUT AN ABANDONED PROPERTY EMBOFF CALLED ON SECRETARY, MINISTRY OF INDUSTRIES APRIL 23. SECRETARY SAID IT IS CLEARLY THE INTENTION OF BDG TO COMPENSATE FOREIGN OWNERS OF PROPERTIES NOW IN CONTROL OF BDG. HE THEN ASKED EMBOFF TO PROVIDE COPIES OF ANY CORRESPONDENCE EMBASSY HAS HAD WITH BDG REGARDING BELBAGCO'S CLAIM. SECRETARY SAID UPON RECEIPT OF COPIES HE WOULD "SORT THE MATTER OUT". WE INTEND TO FORWARD RELEVANT CORRESPONDENCE UNDER COVEROF LETTER SIGNED BY AMBASSADOR SEEKING IMMEDIATE, FORMAL CLARIFICATION.

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7. TO RESOLVE PAPERWORK PROBLEMS WE BELIEVE THAT BEST COURSE AT THIS JUNCTURE WOULD BE TO RETURN THE ORIGINAL DOCUMENTS FORWARDED UNDER COVER OF STERN/BORN LETTER OF MARCH 12 TO BELBAGCO AND ASKED THAT FIRM TO A) PREPARE THREE SETS OF APPLICATIONS TO CLAIM COMPENSATION FOR BELBAGCO, GALLAHER AND HASSAN RESPECTIVELY, (NOT THAT THIS WILL INVOLVE CHANGES IN BOTH SECTION A AND B OF CLAIM FORMS); B) DELETE REFERENCE TO BORN IN ITEM 5; C) OBTAIN

STATE DEPARTMENT AUTHENTICATION OF DELAWARE STATE DOCUMENT; AND
D) SUBJECT STATE/OPIC ADVICE, OBTAIN ADDITIONAL POWERS OF ATTORNEY
AND DELAWARE STATE DOCUMENTS FOR GALLAHER AND HASSAN.

8. ACCORDINGLY, WE ARE POUCHING TO OPIC, ATTENTION STERN, THE
ORIGINAL DOCUMENTS, TOGETHER WITH FOUR SETS (ONE EXTRA) OF
APPLICATIONS FOR CLAIM COMPENSATION, AND COPIES OF P.O. 'S 16 AND
27. NO TEXT OF THE COMPANIES ACT, 1913 IS AVAILABLE AT THE
EMBASSY, BUT WE ARE ENDEAVORING TO OBTAIN ONE FOR TRANSMISSION
TO OPIC.
BOSTER

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